



AUDITOR GENERAL

William O. Monroe, CPA



UNIVERSITIES AND COMMUNITY COLLEGES FLORIDA STUDENT ASSISTANCE GRANTS OPERATIONAL AUDIT For the Fiscal Year Ended June 30, 2000

SUMMARY

Finding No. 1: We noted that three reports used by the Florida Department of Education (FDOE) to monitor program requirements were not always timely filed by participating institutions.

Finding No. 2: Three institutions did not return the undisbursed Florida Student Assistance Grants (FSAG) funds to FDOE by April 1, 2000, preventing redistribution of funds to other eligible students. Also, these institutions did not return final unused funds to FDOE prior to June 1, 2000, preventing a final accounting and receipt of unused funds for the year.

Finding No. 3: Several institutions did not complete an annual reconciliation of their financial aid disbursement records with those of FDOE, while other institutions did not do so in a timely manner. We also noted that some institutions did not complete an annual reconciliation of institutional accounting records with FDOE records.

Finding No. 4: We noted numerous instances in which institutions reported incorrect grade point averages and credit hours earned. In addition, there was no comparability of reporting among some institutions because of confusion over how to report grade point average and hours earned.

Finding No. 5: We noted that five students at four institutions received FSAG awards although these students appeared to be ineligible.

Finding No. 6: Contrary to the FDOE State Program Policy Manual, 20 students received the total annual FSAG award amount in one term, even though the students were enrolled full-time for just one term.

Finding No. 7: We noted that institutions were not determining if FSAG recipients were in default on a State loan program or owed a repayment of a State grant.

INTRODUCTION

The Florida Public Student Assistance Grant Program was established by the Florida Legislature to provide student assistance grants to full-time degree seeking students that demonstrate unmet need for the cost of education. Requirements for eligibility, pursuant to Section 240.409, Florida Statutes, include: (1) no student may receive an award for more than the equivalent of 9 semesters or 14 quarters of full-time enrollment; (2) a student shall be required to apply for the Pell grant (a need-based Federal grant), which shall be considered when conducting an assessment of the resources available to the student; and (3) priority in the distribution of grant moneys shall be given to students with the lowest total family resources. The Florida Department of Education (FDOE) administers the Program.

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FDOE implemented rules to supplement the statutory requirements. These rules include that a student shall: (1) not have previously received a baccalaureate degree; (2) be enrolled a minimum of 12 credits for each academic term in which the award is received; (3) be a resident of the State of Florida; and (4) for renewing an award, have earned at the last institution attended a minimum cumulative grade point average for college work of 2.0 on a 4.0 scale, and have earned, during the previous summer and two semesters or three quarters, twelve credit hours per term or the equivalent for the number of terms for which the award was received.

During the 1999-2000 fiscal year, disbursements of awards from the Program to students enrolled in institutions of the State University System and the Florida Community College System were \$17,794,087 and \$13,162,572, respectively, for a total of \$30,956,659. For the 1999-2000 fiscal year, the General Appropriations Act specified a maximum annual award of \$1,300 per student.

Effective July 1, 1999, each institution determines student eligibility for awards under the Program. Each institution is also required to verify the continued eligibility of students, provide award notices to students, and provide for the disbursement of funds to students.

Each institution is required to report various information to FDOE. FDOE requires this information to assist it in monitoring whether program requirements have been met. Information reported to FDOE by the institutions include the following:

- ◆ The Grade and Hour Report, which provides the student's cumulative grade point average and hours earned during the period reported.
- ◆ The Disbursement Eligibility Report, which provides the name, social security number and amounts disbursed to each student.
- ◆ The Funding Allocation Otherwise Eligible headcount, which provides a listing of students

at the institution who did not receive FSAG funding due strictly to lack of available funds at the institution.

SCOPE, OBJECTIVES, AND METHODOLOGY

This operational audit focused on the public universities' and community colleges' administration of the various compliance and administrative requirements for the Florida Student Assistance Grants (FSAG) received from FDOE. Our review concentrated on the Fall 1999 and Spring 2000 terms at each institution. Our audit focused primarily on each institution's procedures for determining eligibility and awards, reporting requirements, and management controls over available moneys. The objectives of our audit were as follows:

- ◆ To determine that the State's universities and community colleges properly administered and accounted for Program moneys in accordance with the governing provisions of laws, administrative rules, and other guidelines.
- ◆ To determine the extent to which the State's universities' and community colleges' management controls promote and encourage compliance with applicable laws, administrative rules, and other guidelines; the reliability of financial records and reports; and the safeguarding of assets relating to the Program.
- ◆ To identify statutory and fiscal changes in the category of substantive law and policy issues related to the Program that may be recommended to the Legislature pursuant to Section 11.42(6), Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Late Report Filings

Our review indicated that three reports used by FDOE to monitor program requirements were not always timely filed by the institutions. For example:

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- ◆ The Funding Allocation Otherwise Eligible (FAOE) headcount is used by FDOE for the priority distribution of all unused 1999-2000 fiscal year FSAG funds. FDOE established a November 15, 1999, deadline for submission of this headcount. Thirteen institutions did not submit this information in a timely manner. In addition, there was no evidence for another eight institutions to show when this information was submitted. This information is necessary for FDOE to maximize its redistribution of unused funds each year.
- ◆ Disbursement Eligibility Reports are submitted by institutions that report a list of eligible students to whom FSAG moneys were disbursed each academic term. For the 1999-2000 fiscal year, FDOE established November 15, 1999, as the due date for Term 1. The due

date for Term 2 was 30 days after the drop/add date for that Term. Twelve institutions did not timely submit Disbursement Eligibility Report information to FDOE for Terms 1 and/or 2. These reports assist FDOE and the institutions in monitoring disbursements and unused funds.

- ◆ The Grade and Hour Report provides the student's cumulative grade point average and hours earned during the period reported. We noted four institutions that submitted this report untimely to FDOE. In addition, there was no evidence for five institutions to show when this information was submitted. This report establishes whether the student is eligible for an award renewal.

The following chart summarizes our results:

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Late Report Filings			
Institution	Days Late		
	FAOE Headcount Report	Disbursement Eligibility Report	Grade and Hour Report
Florida Agricultural and Mechanical University	150		
Florida Atlantic University	74		
Florida Gulf Coast University	*		*
Florida International University	*		
University of Central Florida		32	
University of North Florida	87	14	22
University of South Florida	68		*
Brevard Community College	*	25, 29	*
Broward Community College	*		
Central Florida Community College	120		
Daytona Beach Community College	87		
Florida Keys Community College	106		
Florida Community College at Jacksonville	136		57
Gulf Coast Community College	24	9	
Hillsborough Community College	150		
Indian River Community College		22	
Lake City Community College		18, 18	
Lake-Sumter Community College		17	
Manatee Community College	149		
Miami-Dade Community College	*	99	*
North Florida Community College	*		20
Pasco-Hernando Community College			20
Polk Community College	*	31	*
Santa Fe Community College	135		
Seminole Community College		25	
South Florida Community College	105	10	
St. Johns River Community College	*	57, 14	

* Report submission date not documented by the institution or FDOE.

We recommend that institutions comply with all reporting requirements as determined by FDOE. We also recommend that FDOE and the institutions maintain evidence of when reports are filed and received.

Department's Response

We concur. During the 1999-2000 fiscal year the administration of the FSAG program shifted from a centralized process at the Department to decentralized processes at participating postsecondary institutions. At this time a new database was developed by the Department to accommodate the necessary data; however, production of the new system resulted in delays of

the DER and FAOE reports to the Department from the institutions.

To help ensure compliance by the institutions with established reporting deadlines, the Department has enhanced this system to include electronic collection and trigger dates to communicate with institutions when a reporting deadline has not been met. Additionally, the Department will continue to work with the institution through communication, training, and technical assistance.

To ensure that documentation evidencing the timely filing of reports is properly maintained, the Department will enhance the new system to document report dates and administrator identification.

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Finding No. 2: Return of Undisbursed Funds

Following the disbursement of the 1999-2000 term awards to students, FDOE required institutions to return any undisbursed funds to FDOE by April 1, 2000. These funds were to be used for redistribution to institutions that had otherwise eligible students which they were unable to fund. In addition, Section 240.409(4)(d), Florida Statutes, requires schools to remit any remaining undisbursed funds to the FDOE by June 1 of each year for return to the State Student Financial Assistance Trust Fund. We noted that three schools did not return undisbursed funds by the April 1 deadline. Because these funds were not returned to FDOE by the deadline, these funds were not available to institutions who had otherwise eligible students. We also noted that these same three schools did not return unused funds by the June 1, 2000, deadline. Broward Community College returned \$11,000 in undisbursed funds on September 29, 2000. Florida Community College at Jacksonville returned \$1,500 in undisbursed funds on August 23, 2000, and \$500 on April 10, 2001. Miami-Dade Community College returned \$186,524 of undisbursed funds on June 28 and 29, 2001.

We recommend that these schools improve their efforts to report and return undisbursed funds to FDOE by the required due dates.

[Department's Response](#)

To help ensure the timely return of non-disbursed funds by the institutions, the Department will enhance the SSFAD to include notification letters to institutions when deadlines have not been met.

Finding No. 3: Reconciliations

FDOE provides to each institution a Reconciliation Report of Awarded Students. This report contains the institution's reported disbursement records by student for both fall and spring terms. It also includes total disbursements by semester and a total for the year. This report and institutional financial aid records should agree by student, as well as by total, to ensure the accuracy of the report and

records. Institutions are required to reconcile these student records before June 30, pursuant to FDOE procedures. Florida Agricultural and Mechanical University, Florida State University, Brevard Community College and Miami-Dade Community College could not provide us with evidence that they completed the reconciliation. Broward Community College and Florida Community College at Jacksonville did not complete the reconciliation until September 20, 2000, and September 11, 2000, respectively.

We noted one FSAG award totaling \$500 reported by Miami-Dade Community College to FDOE for an individual who never received the award or enrolled at the College. Incorrect reporting of this award could adversely affect the subsequent amount of funding this individual could receive in the future. It also overstates the amount of FSAG funds that were actually disbursed by the College, resulting in excess advances from FDOE. Timely reconciliation of FDOE records with the financial aid records of the College may have disclosed this reporting error.

Also, to provide additional assurance that the financial aid records are accurate, the institution accounting records should be reconciled with institution financial aid records at year end. Florida State University, Brevard Community College, and Miami-Dade Community College did not complete this reconciliation, and Florida Agricultural and Mechanical University and St. Petersburg Junior College did not complete the reconciliation until April 2001.

We recommend that institutions improve their efforts in completing reconciliations to ensure that student information is accurately reported to FDOE and program funds are accounted for. We also recommend that Miami-Dade Community College reimburse the FSAG Program \$500 for the excess advance discussed above.

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Department's Response

Each of these institutions has now completed the 1999-2000 reconciliation process, resulting in no additional refunds to the Department.

The Department will contact the community college regarding the refund expended to an ineligible student.

Finding No. 4: Grade and Hour Reporting

To be eligible for a FSAG renewal award, FDOE Rule 6A-20.031, Florida Administrative Code, requires that a student shall: (1) have earned, during the previous summer and 2 semesters or 3 quarters, 12 credit hours per term or the equivalent for the number of terms for which the award is received; and (2) have earned at the last institution attended a minimum cumulative grade point average for college work of 2.0 on a 4.0 scale. FDOE's State Program Policy Manual for the 1999-2000 fiscal year stated that the cumulative grade point average should include postsecondary academic credits completed at the last institution attended. FDOE provided further instruction in a May 2000 memo, which stated that: (1) a student's grades are to be reported as the institutional grade point average (GPA); and (2) the hours to be reported are the total number of earned credit hours for the academic year (Summer 1999 through Spring 2000).

Our review indicated that several institutions reported GPA and credit hours earned incorrectly. Reasons for these errors included (1) clerical mistakes, (2) reporting GPA and hours earned for the incorrect term(s), and (3) not properly including preparatory/remedial coursework as credit hours earned. Although these errors do not impact current funding, they may affect student eligibility for future awards. Instances of incorrect reporting for each institution are shown in the following chart:

Grade Point Average and Earned Hours Incorrectly Reported	
Institutions	Number of Errors
Grade Point Average(GPA)	
Florida Agricultural and Mechanical University	8
Florida International University	19
University of South Florida	3
Florida Keys Community College	3
North Florida Community College	4
Pasco-Hernando Community College	5
South Florida Community College	4
Tallahassee Community College	9
Total	55
Earned Hours	
Florida Gulf Coast University	16
University of South Florida	3
Broward Community College	12
North Florida Community College	18
Pasco-Hernando Community College	11
Pensacola Junior College	7
South Florida Community College	13
Total	80

We also noted that the method of reporting was not always comparable among institutions because of conflicting guidance provided by FDOE. For example, FDOE's intention in distributing its May 2000 memo was to assist the institutions by allowing a more flexible reporting requirement. However, the "institutional GPA" mentioned in the memo was not specifically defined by FDOE, resulting in some institutions calculating credits for grade point average at all institutions attended, contrary to FDOE Rule 6A-20.031, Florida Administrative Code. FDOE clarification of how to calculate the student grade point average and credit hours earned would assist the institutions in consistently reporting required data, and assist FDOE in monitoring reporting requirements.

We recommend that each institution establish a review process to ensure that correct hours and grade point average are reported. We also recommend that FDOE provide clarification as to "institutional grade point average," ensuring that it adheres to the requirements of FDOE Rule 6A-20.031, Florida Administrative Code. If FDOE feels that this rule is too restrictive, it should attempt to amend the rule. In addition, the applicable institutions, in conjunction with FDOE, should correct the reporting errors noted

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to ensure that students are eligible for renewal awards.

As an alternative, FDOE may consider removing this additional GPA calculation. As a requirement to receive Federal Title IV financial aid funds, public institutions are required to establish satisfactory academic progress standards. A component of this standard is a calculation of a GPA. Rather than calculating two separate GPAs, one for FSAG and one for federal programs, we recommend that FDOE consider allowing institutions to use the Title IV calculation for FSAG renewal awards.

Department's Response

We concur. The Department recognizes that the standardization of the grade and hour reporting criteria for all student financial aid programs funded and administered by the Department would be advantageous to both students and institution administrators.

Previous efforts by the Department (i.e. proposed legislation) to utilize the satisfactory academic progress standard established by each institution have been unsuccessful due to concerns regarding inequities and leniency. The Department will provide clarifying guidance to the institutions regarding the current calculation of the institutional grade point average. The Department will continue to monitor any pending discussions or resolutions on this matter.

Finding No. 5: Student Eligibility

We noted five students at four institutions who received FSAG awards, although these students appeared to be ineligible, as follows:

Florida Agricultural and Mechanical University: Contrary to FDOE Rule 6A-20.031(1)(d) and (f), Florida Administrative Code, one student received an award although that student had a prior bachelor's degree, and another student was not a Florida resident at the time of the award.

Broward Community College: One student received an award even though not enrolled in a degree seeking program at the College, contrary to Section 240.409, Florida Statutes.

Gulf Coast Community College: One student received an award for a semester in which the student was enrolled for less than 12 credit hours, contrary to FDOE Rule 6A-20.031(1)(c), Florida Administrative Code.

Polk Community College: One student received an award in the amount of \$500, although this student was not a Florida resident when the student received the award, contrary to FDOE Rule 6A-20.031(1)(f), Florida Administrative Code.

We recommend that these institutions provide FDOE with documentation that these students were eligible for the FSAG award received, or refund the award to the FSAG Program. We also recommend that these institutions strengthen their procedures to ensure that students receiving FSAG awards meet the Program requirements.

Department's Response

The Department will, in consultation with the institutions, verify the eligibility of the students and obtain refunds as deemed necessary.

Finding No. 6: Overpayments

FSAG is an annual award designed to be disbursed over a two-term period at semester institutions. For semester institutions, the FDOE State Program Policy Manual defines a term award as being one-half of the annual award. The General Appropriations Act established for the 1999-2000 fiscal year an annual award minimum of \$200, with a maximum of \$1,300. The maximum amount a student can receive in a semester is \$650.

University of Florida: The University established an annual award amount of \$1,072. Our tests disclosed that 20 students received the annual FSAG award amount, although the students were in attendance at the University for only one semester. Each of these

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students received an award of \$1,072 for the semester. Since the University could have awarded a maximum of \$650 for a semester, the students received overpayments for the semester in the amount of \$422 (\$1,072, less \$650). We recommend that the University provide FDOE with documentation that the award amount of \$1,072 to each student complied with law and rule, or refund the overpayments totaling \$8,440 to the FSAG Program. We also recommend that the University review its procedures to ensure that disbursements do not exceed program guidelines.

Department's Response

According to institution personnel, there was a misinterpretation as to the application of the program policy. To clarify this matter, the Department has revised the State Program Policy Manual and has implemented SSFAD program edit checks.

The Department has corresponded with the institution requesting adequate documentation of student eligibility.

Finding No. 7: State Loan Default and State Grant Overpayment

FDOE Rules 6A-20.031(1)(k) and (l), Florida Administrative Code, require that to be eligible to receive a FSAG award, a student must not owe a repayment of a State grant or be in default on a State loan program unless satisfactory arrangements to repay the grant or loan have been made by the student. We noted during our review that institutions were unable to make this determination because there is currently no Statewide system in place showing the status of student State loans and

any State grant repayments due. Absent this information being readily available, the institutions are unable to make this determination. We recommend that FDOE develop a Statewide system which would provide institutions with the information needed to make this determination.

Department's Response

We concur. To assist the institutions in determining eligibility, the new SSFAD will require a disbursement edit against all state loan program defaulted students prior to disbursement confirmation by the end of the 2001-2002 academic year. No students currently exist in a state grant defaulted status. The institutional reconciliation process acknowledges them as either disbursed or refunded.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe

William O. Monroe, CPA

AUDITEE RESPONSE

In a letter dated August 27, 2001, the Florida Department of Education management generally concurred with our audit findings. For a more comprehensive understanding of the Department's responses to the findings and recommendations contained in this report, please see the Auditor General's Web site, where each response may be viewed in its entirety.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of community colleges and universities. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was coordinated by Roger Sessions, CPA, and supervised by Alan Sands, CPA. Please address inquiries regarding this report to Jim Raulerson, CPA, Audit Manager, via E-mail at jimraulerson@aud.state.fl.us or by telephone at (850) 487-4468.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (<http://www.state.fl.us/audgen>) by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.



FLORIDA DEPARTMENT OF EDUCATION

CHARLIE CRIST
COMMISSIONER

August 27, 2001

Mr. William O. Monroe, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

Pursuant to Section 11.45(4)(d), Florida Statutes, the following is a written statement of explanation concerning all the findings, with either our actual or proposed corrective actions, for the:

Universities and Community Colleges
Florida Student Assistance Grants
Operational Audit
For the Fiscal Year Ended June 30, 2000

Finding Number 1

We concur. During the 1999-2000 fiscal year the administration of the FSAG program shifted from a centralized process at the Department to decentralized processes at participating postsecondary institutions. At this time a new database was developed by the Department to accommodate the necessary data; however, production of the new system resulted in delays of the DER and FAOE reports to the Department from the institutions.

To help ensure compliance by the institutions with established reporting deadlines, the Department has enhanced this system to include electronic collection and trigger dates to communicate with institutions when a reporting deadline has not been met. Additionally, the Department will continue to work with the institution through communication, training, and technical assistance.

To ensure that documentation evidencing the timely filing of reports is properly maintained, the Department will enhance the new system to document report dates and administrator identification.

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Mr. William Monroe
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Finding Number 2

To help ensure the timely return of non-disbursed funds by the institutions, the Department will enhance the SSFAD to include notification letters to institutions when deadlines have not been met.

Finding Number 3

Each of these institutions has now completed the 1999-2000 reconciliation process, resulting in no additional refunds to the Department.

The Department will contact the Community College regarding the refund expended to an ineligible student.

Finding Number 4

We concur. The Department recognizes that the standardization of the grade and hour reporting criteria for all student financial aid programs funded and administered by the Department would be advantageous to both students and institution administrators.

Previous efforts by the Department (i.e. proposed legislation) to utilize the satisfactory academic progress standard established by each institution have been unsuccessful due to concerns regarding inequities and leniency. The Department will provide clarifying guidance to the institutions regarding the current calculation of the institutional grade point average. The Department will continue to monitor any pending discussions or resolutions on this matter.

Finding Number 5

The Department will, in consultation with the institutions, verify the eligibility of the students and obtain refunds as deemed necessary.

Finding Number 6

According to institution personnel, there was a misinterpretation as to the application of the program policy. To clarify this matter, the Department has revised the State Program Policy Manual and has implemented SSFAD program edit checks.

The Department has corresponded with the institution requesting adequate documentation of student eligibility.

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Finding Number 7

We concur. To assist the institutions in determining eligibility, the new SSFAD will require a disbursement edit against all state loan program defaulted students prior to disbursement confirmation by the end of the 2001-2002 academic year. No students currently exist in a state grant defaulted status. The institutional reconciliation process acknowledges them as either disbursed or refunded.

Sincerely,

Charlie Crist

CC/tad